

Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 JUSE-00 TRSE-00 SEC-01 CIAE-00 DODE-00

PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01

SP-02 SS-15 USIA-06 EB-07 /065 R

DRAFTED BY ARA/CAR:JETHYDEN:FBL

APPROVED BY ARA:WHLUERS

JUSTICE:SAHARUN

IRS:MCGOWAN

SEC:TLEVINE

L/ARA:WILLIS

ARA/PAF:MYOHN

ARA/CAR:THEAVNER

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R 260034Z AUG 76

FM SECSTATE WASHDC

TO AMEMBASSY NASSAU

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E.O. 11652: GDS

TAGS: PINT, PFOR, CFED, EFIN, BF

SUBJECT: 60,MINUTES PROGRAM ON THE BAHAMAS

REF: NASSAU 1231

1. REPRESENTATIVES OF JUSTICE, IRS AND STATE MET JULY 29
TO DISCUSS POTENTIAL PROBLEM POSED BY PROJECTED 60 MINUTES
PROGRAM. JUSTICE AND IRS STATED THAT THEY HAD ONLY ONE
PAID SOURCE OF INFORMATION REMAINING IN BAHAMAS (OF WHOM
EMBASSY WAS INFORMED IN APRIL) AND THAT SOURCE WAS ENTIRELY
LEGAL AND OVERT. SOURCE OPERATES COMMERCIAL FIRM WHICH
RESEARCHES PUBLIC RECORDS FOR VARIETY OF CLIENTS, INCLUD-
ING U.S. NEWSPAPERS. IT WAS RECOGNIZED HOWEVER THAT REVE-
LATION OF SOURCE IN SENSATIONAL MANNER ON TELEVISION COULD
AROUSE GCOB SUSPICIONS AND POSE OBSTACLE TO FUTURE CO-
OPERATION WITH GCOB. USE OF THIS SOURCE HAS NOW BEEN TERMI-
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NATED.

2. JUSTICE SAID U.S. CODE AND FEDERAL COURT RULES PROHIBIT PUBLIC COMMENT ON ALLEGATIONS REGARDING POTENTIAL WITNESSES IN CASES UNDER PROSECUTION OR INTENDED FOR PROSECUTION. SOURCE DESCRIBED IN PARAGRAPH 1, AS WELL AS PAST INFORMANTS, ARE SUCH POTENTIAL WITNESSES, AND THESE TRIALS MAY RUN TWO YEARS, SO FOR ALL PRACTICAL PURPOSES WE WILL BE IN PUBLIC POSITION OF OFFERING NO COMMENT TO ANY ALLEGATIONS BY 60 MINUTES REGARDING OUR SOURCES OF INFORMATION.

3. JUSTICE SAID SAME RESTRICTIONS WOULD NOT APPLY TO COMMUNICATIONS WITH FOREIGN GOVERNMENT, SO IN COMMUNICATIONS WITH GCOB WE COULD DENY 60 MINUTES ALLEGATIONS AND CLARIFY GENERAL NATURE OF OUR RELATIONSHIP TO SOURCE AND TYPE OF INFORMATION SOURCE PROVIDED. HOWEVER, PRIVACY ACT PRECLUDES GIVING IDENTITY OF SOURCE EVEN TO GCOB. SOURCE COULD WAIVE PRIVACY ACT RIGHTS BUT HAS THUS FAR DECLINED TO DO SO. JUSTICE IS CONSIDERING USE OF ONE OF EXCEPTIONS TO PRIVACY ACT BUT IS UNSURE THIS IS LEGALLY FEASIBLE AND IN ANY CASE IS NOT PREPARED TO DO SO NOW.

4. IT WAS AGREED AMBASSADOR SHOULD INFORM GCOB OF PROJECTED 60 MINUTES PROGRAM AND CONVERSATION WITH BARRY LANDO; STATE THAT SOURCE WAS ENTIRELY LEGAL AND ABOVE-BOARD; AND EXPLAIN THAT USG IS PRECLUDED BY LAW FROM COMMENTING PUBLICLY ON THESE MATTERS AND BY PRIVACY ACT FROM REVEALING NAME OF SOURCE TO ANYONE, INCLUDING GCOB.

5. ACCORDINGLY YOU SHOULD ADVISE APPROPRIATE GCOB OFFICIALS AS FOLLOWS: IN CONNECTION WITH THE PROJECT HAVEN INVESTIGATION, UNITED STATES GOVERNMENT LAW ENFORCEMENT AGENCIES, SPECIFICALLY THE IRS AND THE DEPARTMENT OF JUSTICE, HAD RETAINED THE SERVICES OF A CONFIDENTIAL SOURCE IN NASSAU TO OBTAIN INFORMATION IN THE BAHAMAS. THE USE OF THIS INFORMANT HAS BEEN TERMINATED. THE SOURCE IS AN AMERICAN CITIZEN RESIDING IN THE BAHAMAS WHO HAD BEEN USED ON AN INTERMITTENT BASIS FOR APPROXIMATELY TEN YEARS. THIS SOURCE HAD OBTAINED INFORMATION REQUESTED FROM PUBLIC LAND RECORDS, NEWS PUBLICATIONS, COMPANY RE-
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CORDS AND SIMILAR SOURCES. THIS INFORMATION HAD BEEN SOUGHT FOR USE IN VARIOUS CRIMINAL INVESTIGATIONS AND PROCEEDINGS IN THE UNITED STATES. RECENT INQUIRIES FROM THE NEWS MEDIA HAVE LED US TO BELIEVE THAT THE MEDIA MAY PRESENT THE SOURCE'S ACTIVITIES IN A DISTORTED FASHION.

6. AMBASSADOR SHOULD ALSO EMPHASIZE THAT US AGENCIES ENGAGED IN INVESTIGATIONS OF TAX, BANKING, AND FINANCIAL

AND SECURITIES MATTERS ARE NOT BUYING OR SOLICITING INFORMATION FROM ANY COVERT SOURCE IN BAHAMAS AND HAVE NO AGENTS IN BAHAMAS EXCEPT THOSE WHICH ARE NOTIFIED TO GCOB FROM TIME TO TIME. IRS IS LEGALLY REQUIRED TO ACCEPT UNSOLICITED INFORMATION FROM WHATEVER SOURCE BUT IS NOT ACTIVELY SEEKING INFORMANTS OR CONFIDENTIAL INFORMATION.

7. EMBASSY'S POINTS PARAGRAPH 3 REFTEL WELL TAKEN, AND WE WOULD LIKE TO BE MORE FORTHCOMING IN INTEREST OFENSURING FUTURE GCOB COOPERATION. UNFORTUNATELY, THIS APPEARS IMPOSSIBLE.

8. 60 MINUTES PRODUCER LANDO TOLD DEPARTMENT OFFICIAL AUGUST 19 THAT PROJECTED PROGRAM HAS NOT YET BEEN SCHEDULED BUT THAT IT WILL NOT BE BROADCAST UNTIL LATE SEPTEMBER OR OCTOBER. LANDO PLANS ADDITIONAL FILMING IN BAHAMAS. KISSINGER

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